

New York State Environmental Disclosure Label Program

The New York State Public Service Commission requires all suppliers of electricity to provide their customers with periodic environmental disclosure statements. These statements, called environmental disclosure "labels," provide plain language information on the fuels suppliers use to generate electricity, the corresponding air emissions resulting from generating electricity, and a comparison of those emissions to a statewide average fuel mix and emissions profile. The Label Program is administered by the Public Service Commission and is based on data provided by the NYISO and the New York State Department of Environmental Conservation and is supplemented by data available from the Energy Information Administration and information supplied directly by New York market participants.

This document describes the Rules and Procedures that govern the administration of *Conversion Transactions*. A *Conversion Transaction* occurs when an entity (generating facilities) that sold energy into the Spot Market, and an entity (known as a Load Serving Entity or LSE) that purchased a like amount of energy out of the Spot Market during the same six-month settlement period, jointly identify for the Label Administrator such packet of energy such that it can be disaggregated, for environmental disclosure purposes, from the residual pool of Spot Market energy.

Background

On December 15, 1998, the Public Service Commission directed all entities subject to its jurisdiction that supply retail electric service to provide their customers with periodic environmental disclosure statements. The Commission's directive applies to all electric utilities'; energy services companies (ESCOs), and jurisdictional municipal and electric cooperatives. The New York Power Authority and the Long Island Power Authority participate on a cooperative basis.

The Commission has designated Staff of the Department of Public Service (DPS Staff) to be the Administrator of the Environmental Disclosure Program. DPS Staff will provide all retail electric service providers with the individualized fuel mix and emissions characteristics information that will be included in their respective environmental disclosure statements.

Information on generation bid into the NYISO-sponsored Spot Market (LBMP Sales) and energy purchased from the Spot Market (LBMP Purchases) is aggregated for each twelve month calendar year period (separate from bilateral transactions) and provided to the Label Administrator by the NYISO after final settlement. In addition the NYISO prepares a report for the Administrator stating the amount of power each participating generating facility sold into the Spot Market for that twelve -month settlement period, by source power plant, and the amount of power each LSE purchased from the Spot Market for that settlement period. The Spot Market participants (both sellers into and buyers from) are then informed individually via email by the Label Administrator of their own Spot Market totals for the specified settlement period.

For disclosure purposes, the energy for which a *Conversion Transaction* is accomplished will receive the environmental attributes of the generation source of the entity that sold the energy into the Spot Market and therefore, *Conversion Transactions* are limited to claims made for the energy sold into the Spot Market. The generation associated with *Conversion Transactions* will be deducted from the spot market total and assigned to the Load Serving Entities with valid conversion transactions. The fuel mix and emissions characteristics of

the remainder will be calculated and assigned to the Spot Market participant purchasers who did not arrange **Conversion Transactions**.

Spot Market participants are free to devise their own private methods for locating partners for **Conversion Transactions**, including but not limited to the use of third-party intermediaries, brokers, and independent trading markets. Spot Market participants are also free to make and trade private agreements to enter into **Conversion Transactions** and to set the terms of such agreements, including but not limited to those regarding timing, duration, price, and payment arrangements, so long as the resultant **Conversion Transactions** are jointly identified for the Administrator according to the schedule and rules for the 12 -month calendar year settlement periods.

Conversion Transactions Rules and Procedures

- 1) **Conversion Transactions** apply only to the energy sold into the New York Independent System Operator (ISO)'s Locational Based Marginal Pricing Day Ahead and Real Time Markets ("Spot Market"). **Conversion Transactions** are not applicable to bilateral transactions.
- 2) Beginning with calendar year 2007, **Conversion Transactions** will be settled on a calendar year basis. Conversion Transactions, when identified for and qualified by the Administrator, allow packets of energy sold through the Spot Market to be disaggregated from the residual pool of Spot Market energy for environmental disclosure purposes. The energy for which a **Conversion Transaction** is accomplished will receive the environmental attributes of the generation source of the entity that sold the energy into the Spot Market. While any entity (including third parties and brokers) may make and trade agreements to enter into **Conversion Transactions**, the original entity that sold the energy into the Spot Market and the ultimate retail electric¹ service provider who bought the corresponding energy out of the Spot Market, must report the **Conversion Transaction** to the Administrator for the **Conversion Transaction** to become effective. As a result, the identity of the original generation source must be preserved throughout any agreements or trades. Ultimately, if either party fails to report the **Conversion Transaction**, or if the information reported is incomplete, the Administrator will not recognize the **Conversion Transaction** in calculating the disclosure label for a specific LSE.
- 3) As directed by the Commission, environmental disclosure labels will now be calculated for calendar year periods starting with calendar year 2006.
- 4) Upon receipt of sales and purchase data from the NYISO, the administrator will notify each Spot Market participant of their own spot market totals (either sales or purchases) for the twelve month settlement period and the deadline for submission of conversion transactions for the period indicated in the notice. Conversion transactions should NOT be sent to the Administrator unsolicited.
- 5) Any load serving entity (LSE) that wishes to be credited with a **Conversion Transaction** in the calculation of its fuel mix and emissions characteristics, and the corresponding entity that sold the energy into the Spot Market that is the subject of the **Conversion Transaction**, shall each electronically transmit the required **Conversion Transaction** information to the Administrator, as discussed below. The **Conversion Transaction** information, as outlined below, must be submitted electronically by both parties to the **Conversion Transaction** in a

¹ Exception to this rule is when an entity who exports power out of New York obtains conversion transactions—in this situation we will accept registration from this exporting entity and the generator who sold it.

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prescribed format (please refer to the instructions below clarifying the definition of Reporting Entity, Seller and Buyer to be used in completing the *Conversion Transaction* forms). The Administrator will electronically acknowledge receipt of the *Conversion Transaction* information to both parties.

6) Using the information obtained from the NYISO, the Administrator will review the details of the *Conversion Transactions* submitted, and notify the parties to the *Conversion Transaction* of any inconsistencies to be resolved in advance of a final update of environmental disclosure information for the twelve month period.

7) Approximately twelve to sixteen weeks following acceptance of parties conversion transaction data, the administrator will distribute to each LSE its environmental disclosure information, incorporating all *Conversion Transactions* properly and timely submitted.

**Information to be provided by Sellers and Purchasers
for each Conversion Transaction**

- 1) Name of the Reporting Entity
- 2) Name of Seller
- 3) Name of Buyer
- 4) Generating Station Name (and Unit) (assigned PTID # must be included)
- 5) Fuel Type(s) for Unit Specified - *If dual-fuel, list fuels used*
- 6) Amount of Energy Converted by Transaction (kWh)
- 7) Applicable Twelve -Month Period
- 8) Contact Person Name, Telephone Number and E-Mail Address

NOTE:

**Please refer to the instructions on the next page regarding completion of the Conversion Transaction Form. Once the form has been properly completed it should be sent via e-mail to the EDP mailbox at the Department of Public Service:
Environmental_Disclosure@dps.state.ny.us**

Instructions for Conversion Transaction Forms

General: To effect a conversion of energy for a specific twelve month settlement period a Load Serving Entity (LSE) who had ownership rights to a quantity of energy or attributes during the specified settlement period must submit a completed Conversion Transaction Form identifying the generating source of the energy claimed by the LSE (item 4) and the quantity purchased (item 6) from the Seller (item 2). The Seller listed on the LSE Transaction Form must affirm the accuracy of the information on the LSE Transaction Form by submitting a completed Transaction Form which lists the LSE as the Buyer (item 3) and lists the same generating source (item 4) and the same quantity (item 6) claimed on the LSE Transaction Form. When the Seller listed on the LSE Transaction Form is not the Generator listed in item 4 a third Conversion Transaction Form must be submitted by the Generator source in order for the LSE to be credited with the energy claimed for the specified settlement period.

1. Name of Reporting Entity – Name of the entity completing and submitting the form to the Department. This is the entity attesting to the information contained in the form. This entity may be (1) an LSE (Load Serving Entity) indicated as the Buyer on the form that purchased energy from the entity listed as the Seller on the form, (2) the entity that is the Seller (and the source generator indicated in item 4) who sold energy to the entity listed as the Buyer on the form or (3) a third party broker who has entered into an arrangement with the Seller Generator indicated in item 4 to acquire renewable energy credits for resale to one or more LSE(s).
2. Name of the Seller – the entity that sold energy into the New York Spot Market during the applicable twelve month period referenced in the Conversion Transaction or the name of the third party broker who acquired ownership of the energy attributes indicated in item 6 from the Generator listed in item 4 during the applicable twelve month period.
3. Name of the Buyer - the LSE who is claiming credit for the purchase of energy or attributes during the specified settlement period or the name of the third party broker who acquired ownership of quantity of energy attributes indicated in item 6 from the Generator listed in item 4 during the applicable twelve month period.
4. Generating Station Name (and unit) – the generating station name should be the same name indicated in the email request for conversion transactions issued to generators by the EDP administrator and be accompanied by the PTID number for that generating facility and/or unit.

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5. Fuel Type – for the specific unit identified in item 4. The fuel type does not have to meet the definition of a renewable source to be eligible for conversion. List all fuels used when the unit is dual fueled.
6. Amount of Energy Converted by Transaction – Quantity of energy/attributes claimed in **kWhs**.
7. Applicable Twelve -Month Period – the period specified in the email request issued by the EDP administrator. Conversion transaction forms should NOT be submitted unsolicited i.e. do not submit a transaction for a settlement period prior to the administrator's request for transactions for that period.
8. Contact Person Name, Telephone Number and E-Mail Address – Provide contact information for the Reporting Entity and the Seller (if different than the Reporting Entity) and the Buyer (if different than the Reporting Entity).

Completed transaction forms should be provided as file attachments in an email directed to: Environmental_Disclosure@dps.state.ny.us